(c) whether it is a fact that the rate of interest offered by public sector banks on bulk deposits are less than the rates offered by them on retail deposits for the same period of maturity and ONGC which has cash surplus of about 18,000 crores is losing Rs.200-300 crores in interest revenue annually on this move; and

(d) if so, the details thereof and the reaction of Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) Oil and Natural Gas Corporation (ONGC) have expressed difficulty with the implementation of the Government guidelines relating to investment of their surplus funds. They have mainly pointed out that the process of placing deposits with banks without inviting competitive bids is causing loss of interest revenue.

(c) and (d) In order to avoid undesirable competition amongst banks leading to arbitrary hikes in deposit rates, resulting in adverse consequences for the economy, the Government had advised all Central Public Sector Enterprises (CPSEs) to invest their surplus funds with Public Sector Banks at their published card rates, without inviting competitive bids.

Project cost of Reliance Industry's KG basin fields

564. SHRI T. K. RANGARAJAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the Ministry has approved a hike in project cost of Reliance Industry Krishna Godavari Gas fields;

(b) if so, the details thereto along with the details of the amount approved previously by the Ministry as the project cost;

(c) what was the criteria adopted for assessing the project cost;

(d) whether this increase would result in the increase of retail power tariffs; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) to (c) The KG-DWN-98/3 (D-6), awarded under New Exploration Licensing Policy (NELP-1) in the year 2000, had the first discovery of gas in 2002. The initial recoverable reserve was conservatively estimated at 5 TCP (Trillion Cubic Feet) of gas. As required under Production Sharing Contract (PSC) an initial field development plan was proposed by the Contractor to Management Committee for its approval with an investment estimate of US $ 2.5 billion. The field development plan (FDP) is a tentative plan of the reserve estimate and the work program to exploit the reserve and includes an initial investment estimate. The development plan is updated and improved upon over the field life based on the improved geological knowledge gathered from drilling of more wells. The investment is made by Contractor and Government does not invest it's funds.

With the drilling of more wells, it was realized that the field has much higher potential with the recoverable reserves revised to 10.03 TCF. Further the unprecedented spate in global oil prices resulted in substantial increase in demand for oil and gas services resulting in high global prices for these activities. To address these changes a revised development plan was proposed by the Contractor to Management Committee which was approved with an investment estimate of US $ 8.8 billion.

(d) and (e) Under the Production Sharing Contract, Contractor sell all natural gas produced and saved from the contract area at arms length prices. Further he is required to submit a price formulae / basis, to the Government for approval prior to the sale of gas. The price of gas is not determined on the cost plus basis. Therefore any change in cost does not affect the sale price.

Seepage of crude oil

565. SHRI BIRENDRA PRASAD BAISHYA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the seepage of crude oil from the oil wells run by the Oil and Natural Gas Corporation (ONGC) cause damage to many hectares of agriculture and in the Sibasagar district of Assam;

(b) if so, the details thereof;

(c) what remedial measures have been taken by the ONGC;

(d) whether Government has any plan for financial assistance to those farmers whose agricultural land damaged due to the seepage of crude oil;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA): (a) and (b) No major seepage of crude oil from the wells of Oil and Natural Gas Corporation Limited (ONGC) in the Sivasagar district of Assam has been reported. However, due to old condition of the pipelines/installations and miscreant activities some leakage do occur which are promptly attended to and the spillage over land surface is cleaned.

During the period from 01.03.2009 to 31.10.2009 around 5 hectares of agricultural land have been affected due to leakage of pipelines.

(c) ONGC has already undertaken to revamp installations under Assam Renewal Plan. Gas Gathering Station (GGS) I and II of Rudrasagar have already been revamped. Replacement of old pipelines are being regularly done as per requirement.

(d) to (f) ONGC pays compensation to the affected farmers as per State Government approved rate towards damage of paddy and other crops due to seepage of crude oil from pipeline.

During the period from 01.03.2009 to 31.10.2009, an amount of Rs.78,700/- was paid to 46 affected farmers.